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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 3984
RUEHBJ/AMEMBASSY BEIJING 1801
RUEHKO/AMEMBASSY TOKYO 1668
RUEHIT/AMCONSUL ISTANBUL 2237
RUEHC/DEPT OF AGRICULTURE WASHDC
RHEHNSC/NSC WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHMFISS/CDR USCENCOM MACDILL AFB FL
RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2666

C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000851

SIPDIS

STATE FOR SCA/CEN, EEB
STATE PLEASE PASS TO USTDA DAN STEIN
TREASURY FOR BAKER/LANIER
AGRICULTURE FOR GERARD/FREITA

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TAGS: [PREL](#) [ECON](#) [EAGR](#) [EAID](#) [SOCI](#) [TX](#)
SUBJECT: TURKMENISTAN: DASHOGUZ FARMER EXPERIMENTS WITH
NEW AGRICULTURAL MODEL

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

11. (SBU) SUMMARY: In a creative marketing approach, IPC Group has been placing free loaner agricultural equipment in farms managed by an influential farmer, Sadulla Rozmetov, in Dashoguz Province for the last 18 months. While working with private influencers like Rozmetov is good for business, it also helps to provide possible new agricultural models that might eventually help Turkmenistan emerge from the agricultural morass it is in. Rozmetov, who is a big fan of IPC's John Deere and Case New Holland machinery, carries weight with the government, and his opinion is bound to spread. Finding allies like Rozmetov is vital for IPC in light of the stultifying bureaucratic sclerosis in the Ministry of Agriculture, where the staff lack initiative and willingness to try anything new. IPC is getting more and more concerned about competition from companies such as Klaas and Kamaz -- and is therefore willing to strategically provide whatever technical assistance necessary to build loyalty. END SUMMARY.

USE OF TECHNOLOGY LEADS TO GREATER YIELDS

12. (C) IPC Group General Manager Jason Hunt told emboff during a July 7 meeting that IPC Group has sent \$100,000-150,000 in free loaner equipment and \$500,000-600,000 in parts to a respected Dashoguz farmer, Sadulla Rozmetov, who has been for the past 18 months IPC's first private customer in Turkmenistan. Rozmetov tests loaner equipment, much of which is new to Turkmenistan, which is why his fields produce high yields. Hunt noted that the company's relationship with Rozmetov has accelerated over the past eight months. IPC, the official distributor of John Deere and Case New Holland equipment in Turkmenistan, knows that the Government of Turkmenistan still isn't utilizing all of the technology that it has purchased over the years, such as laser land levelers sold in 2001 that conserve water in irrigation projects. This is why Turkmenistan's farming yields have not improved even after many years of using U.S.

technology.

STRONG -- AND POWERFUL -- ALLY IN DASHOGUZ...

13. (C) IPC feels Dashoguz may be particularly open to Western equipment since the governor, Saparmurat Ashirov, worked as John Deere's local representative in the mid-1990's. IPC's experiment with Rozmetov is going well. There have been times when IPC has informed Rozmetov that it is time to send the loaner equipment elsewhere, and Rozmetov asks for an additional period of time to gather the necessary funds to purchase that equipment. Hunt said that Rozmetov "doesn't ask anybody for permission." Rozmetov works directly through the Central Bank and has a letter of credit confirmed by Deutsche Bank. In Rozmetov, IPC has found a valuable advocate. According to Hunt, President Berdimuhamedov always meets with Rozmetov when he goes to Dashoguz. As Hunt said, "Rozmetov gets what he needs -- and his opinion is bound to spread to other regions (of Turkmenistan)."

...WHO IS NOT AFRAID TO TAKE INITIATIVE

14. (C) IPC is also encouraging Rozmetov to test equipment which is simply sitting around because no one else in Turkmenistan's agriculture sector is willing to take the initiative to see what the results of using something new would be. Rozmetov, who is responsible for 10,000-15,000 hectares, has access to hard currency because he always goes above the plan with his cotton farms. Rozmetov has bought

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about \$5,000-6,000 in parts from Case New Holland over this past year. In addition to the laser leveler, Rozmetov is trying out cotton seeders, grain seeders, and precision planters. According to Hunt, Rozmetov is pleased with the results from the equipment. For example, the wheat seeder has cut nine passes of the field into one, saving Rozmetov's team substantial time. Testing of precision planters also went well, and Rozmetov wants to buy eight. Hunt said that Rozmetov has significant influence in the Government of Turkmenistan and that "there are never any problems when he is involved." Rozmetov also recognizes the potential of increased sales from improved packaging, so Hunt's team is helping him to find a mobile cotton-seed oil bottling plant. IPC is "willing to help him with anything" if it builds loyalty.

BUT AGRICULTURE SECTOR STILL MIRED IN BUREAUCRACY

15. (C) However, even Rozmetov's authority has limits. Last year, Rozmetov could not get anyone to sign off on planting seed corn that IPC brought into the country. The seed has expired and must be thrown away. Similarly, the Government of Turkmenistan insisted on obtaining analysis of delinted cotton seeds that, according to Hunt, are sown all over the world. Because the government could not perform the analysis locally, it sent the seeds to St. Petersburg -- and hence, the farmers missed the season for planting those seeds as well.

16. (C) Despite these problems, Hunt wants to bring over \$1 million in a whole range of John Deere equipment for testing by Rozmetov, in an attempt to steer Turkmenistan away from a hunt-and-peck approach to agricultural technology -- as well as away from competitors such as Klaas (Germany) and Kamaz (Russia). Case New Holland is willing to supply specialists, trainers, fertilizer, chemicals, seeds, equipment, and parts to increase the capacity of Turkmenistan's agricultural sector.

BUSINESS IS A FAMILY AFFAIR

17. (C) Hunt indicated that Rozmetov's sons are also involved in the business. This is important in light of Rozmetov's advanced age which falls somewhere above 80. One of the sons

is an agronomist, and one is involved in purchasing machinery. Case New Holland will bring one son to one of its small tractor manufacturing plants in the United Kingdom, since he is interested in purchasing eight cotton seeders.

18. (C) An embassy FSN from Dashoguz and Post's agricultural specialist indicated that Rozmetov, an ethnic Uzbek, is known and respected locally in Dashoguz Province as a top-notch farmer and entrepreneur. Rozmetov's influence dates back to the Soviet era when he operated one of a few model farms in the republic. When Turkmenistan became independent in 1991 and the kolkhoz system was eliminated, Rozmetov was given "ownership" of an entire kolkhoz because of his proven agricultural ability. Rozmetov was especially close to former President Niyazov, who visited the farmer on his birthday and, late in 2006, fired a Dashoguz provincial governor who had been tasked with cleaning up corruption along the border because he "did not get along with Rozmetov" -- suggesting that Rozmetov's entrepreneurial activities might have extended to gasoline smuggling across the Uzbek border.

19. (C) COMMENT: Turkmenistan's agricultural sector is still deteriorating -- the just-concluded wheat harvest reportedly has been one of the worst in years. In such an environment,

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private initiatives such as IPC's both make smart business sense and offer an alternative model that agricultural officials could one day agree to implement in an effort to bring Turkmenistan's agricultural sector back from the morass it has fallen into. While unimaginative agricultural officials continue to work off a broken model dependent largely on a combination of directed planting, state-determined prices and subsidies, Rozmetov's success helps to prove that personal interest is paramount to success in agriculture. While Rozmetov has the freedom and power to experiment, agricultural officials remain bound by old thinking and tradition. There is still a lot of room for improvement in Turkmenistan's agriculture sector -- and within its agricultural bureaucracy. END COMMENT.
HOAGLAND